

EXPORT FINANCE PROGRAM

Export finance assistance is a key component for Missouri businesses to remain competitive in the global marketplace. There are export finance programs provided by federal agencies that can assist U. S. exporters to expand international trade.

-Alice Bernard-Jones, International Finance Manager



Export Finance

- ▶ Export Working Capital
- ▶ Export Credit Insurance
- ▶ Loan Guarantee
- ▶ USDA and FAS Programs

CLIENT COMMENT

Opened doors to the world of export/financing. Great!

-Joseph Ndiba



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EXPORT WORKING CAPITAL

The Small Business Administration (SBA) Export Working Capital Program (EWCP) and the Working Capital Guarantee (WCG) of the Export-Import Bank of the United States (Ex-Im Bank) assist U.S. Exporters to obtain loans to produce goods or services for export by guaranteeing repayment to the lending institution. The loans can be either transaction specific or revolving and there is no minimum or maximum transaction amount. The U.S exporting company should normally have one-year operating history and the current financials of the company should reflect a positive net worth.



EXPORT CREDIT INSURANCE

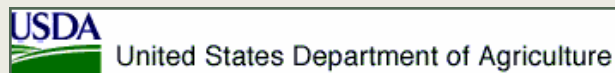
Ex-Im Bank's Export Credit Insurance enables U.S. exporters to confidently extend credit terms to their international buyers. Export Credit Insurance covers export receivables against commercial risk, if the foreign buyer should default, and political risk coverage, in the case of war, inconvertibility of currency etc. The policy can be a single-buyer policy or it can be a multi-buyer policy.

The Ex-Im Bank offers both short and medium-term insurance policies. With short-term policies, the typical terms are 180 days or less, exceptionally 360 days. Medium term insurance covers capital equipment, projects and related services with repayment terms up to 5 years (exceptionally 7 years) with financing up to \$10 million. The importer would make cash payment of at least 15 percent.

LOAN GUARANTEE

The Ex-Im Bank's Loan Guarantee is a very useful program for exporters. Under this program, the Ex-Im Bank provides loan guarantees that allow lenders to offer financing to exporters' foreign customers with fixed or floating competitive rates. This program reduces payment risks to exporters as they are paid upfront for their exports. Foreign buyers are enabled to overcome financing problems and can buy U.S. goods and services.

Banks with delegated authority from the Ex-Im Bank participate in the loan guarantee program and would do due diligence on foreign buyers to ensure that there is reasonable assurance for repayment before granting the loan.



UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) FOREIGN AGRICULTUREAL SERVICES (FAS) PROGRAMS

United States Department of Agriculture (USDA) – Foreign Agricultural Services (FAS) export finance programs.

If the product of the U.S. exporter is agricultural, i.e. the "3Fs" food, feed and fiber, programs offered by the FAS of the USDA could assist exporters to expand their international trade. There are basically three programs: the Supplier Credit Guarantee Program (SCGP), the GSM-102 and GSM-103 programs. The SCGP provides 65 percent guarantee on the principal receivable for credit terms of up to 180 days. Importers must issue Promissory Notes to cover payment. The GSM-102 and GSM-103 are bank driven programs where Dollar denominated Letters of Credit must be issued by the importer from USDA approved foreign banks. GSM-102 program covers credit terms up to three years and GSM-103 programs covers credit term up from 3 to 10 years.

Frequently Asked Questions (FAQ)

What is the State of Missouri Export Finance Program?

The State of Missouri Export Finance Program is a cooperative effort of the Office of Business Development and Trade, Department of Economic Development and the Missouri Development Finance Board. The program focuses on existing finance and insurance programs provided by several key federal and international agencies. The Export Finance Program assists with export assistance and coordinates efforts with these agencies: The Small Business Administration (SBA); The Export-Import Bank of the United States; The Overseas Private Investment Corporation (OPIC); The Foreign Agricultural Services (FAS) of the United States Department of Agriculture; the United States Trade and Development Agency (TDA) and the World Bank.

What is the mission of the State of Missouri Export Finance Program?

The mission of the program is to assist Missouri companies to obtain export finance and export credit insurance to increase international sales.

What is the Small Business Administration (SBA) Office of International Trade?

The SBA office of International Trade, a federal agency supports small business in developing international trade by providing export finance programs.

What is the export working capital program (EWCP)?

The SBA and the Ex-Im Bank combine their efforts on this program to provide working capital to exporters to fill export orders. The Ex-Im Bank will normally handle amounts in excess of \$1,500,000. The EWCP supports export financing to small businesses when that financing is not otherwise available on acceptable terms. The EWCP covers pre-shipment working capital, post-shipment exposure or a combination of both. EWCP loans are transaction based. A loan can support a single transaction or multiple sales on a revolving basis.

How can I obtain export working capital?

You can access the EWCP in one of two ways. If you are already working with a bank, you can request that your lender apply for SBA's guarantee. If you need help finding a lender to make a SBA-guaranteed EWCP loan, you can apply to the SBA for a preliminary commitment (PC). The 60-day PC states that SBA will provide the guarantee under the specified terms and conditions and with it the exporter can find a bank willing to support the transaction. The International Finance Manager of the Office of Development and Trade, Department of Economic Development can help you package your loan request.

Will I have to provide collateral for an export working capital loan?

The primary repayment source is the collateral associated with an individual deal or a series of transactions. Collateral may include export inventory, foreign receivables and assignments of contract and letter of credit proceeds. Personal guarantees usually are required to support the credit.

What can export working capital not be used for?

EWCP loans may not be used to establish operations overseas acquire fixed assets or pay existing debts.

What is the Export-Import Bank of the United States (Ex-Im Bank)?

The Ex-Im Bank is an independent U.S. Government agency, which helps finance and facilitates the sale of U.S. goods and services internationally. Ex-Im Bank supports exports, sustains jobs and strengthens communities.

What is Ex-Im Bank's loan guarantee to assist foreign buyers of U.S goods and services?

Ex-Im Bank provides guarantees to banks and other financial institutions willing to make loans to foreign buyers of U.S. goods and services when private lenders cannot or will not finance those export sales, even with the risks removed.

What is Ex-Im Bank's export credit insurance?

Ex-Im Bank offers a variety of export credit insurance policies to exporters and financial institutions to reduce repayment risks on foreign receivables due to political or commercial events. Export credit insurance is used to protect payments for goods and services exported on credit terms. Policies may cover single or repetitive sales to single or multiple buyers. As determined by the product, repayment terms are available for short-term sales of up to 180 days, (exceptionally 360 days) and medium-term sales, from one to five years.

What is the Overseas Private Investment Corporation (OPIC)?

OPIC, a self-sustaining federal agency supports, insures and finances sound U.S. investments that, foster private initiative and competition, significantly benefiting the social and economic development of the host country.

Who can benefit from the programs of the Overseas Private Investment Corporation (OPIC)?

Specifically, OPIC insurance and investment opportunities are available to small, medium and large American owned businesses or in certain cases if at least the business is fifty percent U. S. owned.

What can the Overseas Private Investment Corporation (OPIC) do for me?

OPIC, a federal agency can provide political insurance that covers loss of assets or income due to political violence and currency inconvertibility. Expropriation, nationalization or confiscations by the host country of investments are also protected.

What is the United States Department of Agriculture (USDA) Foreign Agricultural Service (FAS)?

The USDA encourages U.S. exporters of agricultural products to become more competitive by extending longer credit terms or increasing the amount of credit available to foreign buyers without increasing financial risk. In countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without a viable guarantee, the Commodity Credit Corporation (CCC) can provide guarantees. USDA's FAS administers these programs on behalf of the CCC, which issues the credit guarantees.

What are the export finance programs of the United States Department of Agriculture (USDA)?

Under the Supplier Credit Guarantee Program (SCGP) the Commodity Credit Corporation (CCC) reduces the financial risk to exporters by guaranteeing a large portion of the payments due from importers under financing arrangements of up to 180 days. The direct credit extended by the exporter to the importer for the purchase of U.S. agricultural products must be secured by a promissory note signed by the importer.

Two other export credit guarantee programs, **the GSM-102 and GSM-103 programs** underwrite credit extended by the private banking sector in the United States (or, less commonly, by the U.S. exporter) to approved foreign banks using dollar-denominated, irrevocable letters of credit to pay for food and agricultural products sold to foreign buyers. (GSM-102) covers credit terms up to three years. The Intermediate Export Credit Guarantee Program (GSM-103) covers longer credit terms up to 10 years.

What is the U.S. Trade and Development Agency (TDA)?

The U.S. Trade and Development Agency (TDA) helps to create jobs for Americans by helping U.S. companies pursue overseas business opportunities. Through the funding of feasibility studies, orientation visits, specialized training grants, business workshops and

various forms of technical assistance, TDA helps American businesses compete for infrastructure and industrial projects in emerging markets.

What are the opportunities for small businesses using TAD programs?

Definitional Missions and Desk Studies are contracted solely with small and minority-owned businesses.

What is the United States Agency for International Development (USAID)?

USAID funds country specific projects in areas of sustainable development. Projects originate in foreign countries and must meet criteria set by USAID.

What are the opportunities for small businesses benefiting from USAID programs?

U.S. companies can bid on the procurements that come from USAID projects. USAID has helped create major markets for agricultural goods in the State of Missouri by using wheat, rice, feed grains, soybeans, cotton, soybeans and other agricultural goods in food aid programs.

What is the World Bank?

The World Bank Group is a multilateral international lending agency consisting of four closely associated institutions:

IBRD: The International Bank for Reconstruction and Development

IDA: The International Development Association

IFC: The International Finance Corporation.

MIGA: The Multilateral Investment Guarantee Agency.

Are there procurement opportunities for U.S. Companies at the World Bank?

IBRD and IDA offer procurement opportunities to U.S. Companies

Are there tips on getting World Bank Contracts?

The following can assist you in getting World Bank Contracts:

Find out what projects are in the pipeline and go for projects that you have the best change of winning because of past experience, language, trading partners, or other factors. Obtain bid documents as soon as they are available. Pay special attention to the requirement for bid and performance security, or guarantees and produce exactly what is required. If you do not win, analyze the reasons, learn from your experience and bid again! You have to compete in order to win.